
A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

PART I

SECTION 1. In October 2010, the United States Department of Education issued new regulations for programs authorized under Title IV of the Higher Education Act of 1965, as amended, to hold programs accountable for preparing students for gainful employment, protect students from misleading recruiting practices, ensure that only eligible students receive financial aid, and strengthen federal student aid programs at for-profit, non-profit, and public institutions. The regulations also include requirements for state authorization of institutions that offer educational programs beyond secondary education for purposes of federal program eligibility. Federal expectations have major implications for the State and post-secondary institutions, as there is now a clear federal requirement that post-secondary institutions receive authorization from the State to operate.

The state post-secondary education commission, established under section 304A-3151, Hawaii Revised Statutes, qualifies the



1 State to receive funds made available under the Higher Education
2 Act of 1965, as amended, and may serve as the state agency for
3 the receipt of federal funds when necessary. However, the
4 commission does not authorize institutions to operate
5 educational programs beyond secondary education, as may be
6 required under new federal regulations. Further, the commission
7 is established under the University of Hawaii for administrative
8 purposes. The legislature finds that establishing a post-
9 secondary education authorization program under the department
10 of commerce and consumer affairs will result in a system of
11 authorization that is more appropriate to serve the diverse
12 institutions that operate educational programs beyond secondary
13 education in the State. In addition, the department of commerce
14 and consumer affairs is the most appropriate entity to deal with
15 consumer complaints by students at post-secondary institutions,
16 which is a crux of the federal requirements.

17 The State was unable to satisfy all of the requirements of
18 the Higher Education Act of 1965, as amended, relating to state
19 authorization by the July 1, 2011, deadline. However, the
20 United States Department of Education afforded states and
21 institutions the opportunity to receive an extension to July 1,
22 2013, for certain regulations. In the meantime, it is the



1 intent of the legislature to proactively seek solutions by
2 determining what actions and changes are required for the State
3 to come into compliance with the new regulations.

4 It is imperative that Hawaii not jeopardize the receipt of
5 federal funds under Title IV of the Higher Education Act of
6 1965, as amended. According to the auditor's 2012 Study of the
7 Higher Education Act, "[r]oughly 63,000 students in Hawaii
8 received more than \$283,000,000 in Title IV funds in F[iscal]
9 Y[ear] 2011 - about \$4,500 per student."

10 Accordingly, the purpose of this Act is to bring Hawaii
11 into compliance with Title IV of the Higher Education Act of
12 1965, as amended, by establishing a post-secondary education
13 authorization program within the department of commerce and
14 consumer affairs and creating the framework for authorizing
15 private post-secondary educational institutions in the State.

16 PART II

17 SECTION 2. The Hawaii Revised Statutes is amended by
18 adding a new chapter to be appropriately designated and to read
19 as follows:



1 "CHAPTER

2 POST-SECONDARY EDUCATION AUTHORIZATION

3 § -1 Post-secondary education authorization program;
4 establishment. There is established a post-secondary education
5 authorization program within the department of commerce and
6 consumer affairs, to be administered by the director of commerce
7 and consumer affairs.

8 § -2 Definitions. Whenever used in this chapter, unless
9 the context otherwise requires:

10 "Accredited" means the status of public recognition that a
11 nationally recognized accrediting agency grants to an
12 institution or educational program that meets the agency's
13 established requirements.

14 "Alternative enrollment" means the opportunity for a
15 student enrolled in a private college or university that ceases
16 operation to meet the student's educational objectives through
17 education provided by another authorized private college or
18 university, the University of Hawaii system, an area vocational
19 school, or any other educational arrangement acceptable to the
20 director.

21 "Authorization" means the authorization granted to a
22 private college or university, seminary, or religious training



1 institution as provided in this chapter and any applicable rules
2 and policies. Authorization is not an endorsement by the
3 department.

4 "Degree" means a statement, diploma, certificate, or other
5 writing in any language that indicates or represents, or is
6 intended to indicate or represent, that the person named thereon
7 is learned in or has satisfactorily completed a prescribed
8 course of study in a particular field of endeavor or that the
9 person named thereon has demonstrated proficiency in a field of
10 endeavor as a result of formal preparation or training.

11 "Department" means the department of commerce and consumer
12 affairs.

13 "Director" means the director of commerce and consumer
14 affairs.

15 "Enrollment agreement" means the contract prepared by a
16 private college or university, seminary, or religious training
17 institution that a student signs to indicate agreement to the
18 terms of admission, delivery of instruction, and monetary terms
19 as outlined in the private college, university, seminary, or
20 religious training institution's student handbook or catalog.



1 "Governing board" means the elected or appointed group of
2 persons that oversees and controls a private college or
3 university, seminary, or religious training institution.

4 "Home state" means the state in which the institution holds
5 its principal accreditation.

6 "Honorary degree" means a statement, diploma, certificate,
7 or other writing in any language that indicates or represents,
8 or that is intended to indicate or represent, that the person
9 named thereon is learned in a field of public service or has
10 performed outstanding public service or that the person named
11 thereon has demonstrated proficiency in a field of endeavor
12 without having completed formal courses of instruction or study
13 or formal preparation or training.

14 "Nationally recognized accrediting agency" means an agency
15 or association that the Secretary of the United States
16 Department of Education recognizes as a reliable authority to
17 determine the quality of education or training offered by an
18 institution.

19 "Out-of-state public institution" means an institution of
20 higher education that is established by a government entity in a
21 state other than Hawaii.

22 "Owner" means:



- 1 (1) An individual, if a private for-profit college or
2 university is structured as a sole proprietorship;
- 3 (2) Partners, if a private for-profit college or
4 university is structured as a partnership;
- 5 (3) Members in a limited liability company, if a private
6 for-profit college or university is structured as a
7 limited liability company; and
- 8 (4) Shareholders in a corporation that hold a controlling
9 interest, if a private for-profit college or
10 university is structured as a corporation.

11 "Physical presence" means:

- 12 (1) Having a physical location in the State, where
13 students receive synchronous or asynchronous
14 instruction; or
- 15 (2) Establishing an administrative office in the State in
16 order to:
- 17 (A) Provide information to prospective students,
18 enrolling students, or the general public about
19 the institution;
- 20 (B) Provide services to enrolled students;
- 21 (C) Provide office space for instructional or non-
22 instructional staff; and



1 (D) Maintain an institutional mailing address, street
2 address, or telephone number in the State.

3 "Private college or university" means a non-public post-
4 secondary education institution having a physical presence in
5 the State that enrolls students in an associate, baccalaureate,
6 or postgraduate degree program. For purposes of the
7 requirements of this chapter, an out-of-state public institution
8 shall be considered as a private college or university.

9 "Seminary" or "religious training institution" means a bona
10 fide religious post-secondary educational institution that has a
11 physical presence in the State, that is exempt from property
12 taxation under the laws of the State, and that offers
13 baccalaureate, master's, or doctoral degrees or diplomas.

14 "Unaccredited post-secondary educational institution" means
15 a degree-granting institution that is not accredited or a
16 candidate for accreditation by at least one accrediting agency
17 recognized by the United States Department of Education.

18 "University of Hawaii system" means the post-secondary
19 educational institution, including all campuses and community
20 colleges, established and existing pursuant to article X,
21 section 5, of the Hawaii state constitution and chapter 304A.



1 **§ -3 Applicability of chapter; exceptions.** (a) This

2 chapter shall not apply to:

3 (1) Schools or educational programs conducted by firms,
4 corporations, or persons for the training of their own
5 employees;

6 (2) Apprenticeship or other training programs provided by
7 labor unions to union members or applicants for union
8 membership;

9 (3) Schools or educational programs that provide courses
10 of instruction that do not lead to the conferring of a
11 degree;

12 (4) Schools or educational programs that offer seminars,
13 refresher courses, and programs of instruction
14 sponsored by professional, business, or farming
15 organizations or associations for their members or the
16 employees of their members;

17 (5) Schools or educational programs that offer courses of
18 instruction conducted by public school complex areas;

19 (6) Schools, courses of instruction, or courses of
20 training that are offered by a vendor or the purchaser
21 or prospective purchaser of the vendor's product when
22 the objective of the school or course is to enable the



1 purchaser or the purchaser's employees to gain the
2 skills and knowledge necessary to use the product;

3 (7) Schools and educational programs conducted by
4 religious entities that are owned, controlled,
5 operated, and maintained by a religious organization
6 lawfully operating as a nonprofit religious
7 corporation and that award only religious degrees or
8 certificates, including a certificate of Talmudic
9 studies, an associate of Biblical studies, a bachelor
10 of religious studies, a master of divinity, or a
11 doctor of divinity;

12 (8) Non-degree-granting post-secondary educational
13 institutions licensed by any entity of the State or
14 governed by any other chapter of the Hawaii Revised
15 Statutes;

16 (9) Schools and educational programs that offer courses of
17 instruction exclusively through online and distance
18 education; and

19 (10) Unaccredited post-secondary educational institutions
20 governed by chapter 446E.

21 (b) Nothing in this subsection shall prohibit an entity
22 listed in subsection (a) or section -4 from applying for



1 authorization; provided that the entity shall meet the criteria
2 for and comply with all authorization requirements under this
3 chapter.

4 **§ -4 Authorization of the University of Hawaii system.**

5 The University of Hawaii system, established as an educational
6 institution pursuant to Article X, section 5, of the Hawaii
7 state constitution, is hereby authorized by the State to provide
8 educational programs in and from this State. The University of
9 Hawaii system shall be subject to section -18. The
10 department may impose sanctions pursuant to section -12 on
11 the University of Hawaii in accordance with the requirements of
12 this chapter.

13 **§ -5 Powers and duties of the director.** (a) The
14 director shall:

15 (1) Unless otherwise provided by law, adopt, amend, and
16 repeal rules pursuant to chapter 91 to carry out the
17 purposes of this chapter;

18 (2) Adopt policies and procedures as necessary, without
19 regard to chapter 91, for reauthorization pursuant to
20 section -11;



- 1 (3) Issue declaratory rulings or informal, non-binding
2 interpretations and conduct contested case proceedings
3 pursuant to chapter 91;
- 4 (4) Grant, deny, confirm, forfeit, renew, reinstate, or
5 restore authorizations, including conditional,
6 probationary, or qualified authorizations;
- 7 (5) Revoke, suspend, condition, or otherwise limit the
8 authorization of an institution for any violation of
9 this chapter, applicable rules, or the Higher
10 Education Act of 1965, as amended;
- 11 (6) Establish requirements for authorization in accordance
12 with this chapter;
- 13 (7) Investigate and conduct hearings regarding any
14 violation of this chapter, applicable rules, or the
15 Higher Education Act of 1965, as amended;
- 16 (8) Create fact-finding committees, which may make
17 recommendations for consideration;
- 18 (9) Contract with qualified persons, including
19 investigative and legal staff, who may be exempt from
20 chapter 76, to assist the director in exercising the
21 director's powers and duties;



- 1 (10) Subpoena witnesses and documents, administer oaths,
2 and receive affidavits and oral testimony, including
3 communications through electronic media;
- 4 (11) Establish the types and amounts of fees that a private
5 college or university, seminary, or religious training
6 institution shall pay pursuant to section -19;
- 7 (12) Establish policies to require authorized institutions
8 to submit to the department, upon request, data that
9 is directly related to student enrollment and degree
10 completion and, if applicable, student financial aid
11 and educator preparation programs, which policies
12 shall include a determination as to whether data
13 received may be disclosed to the public;
- 14 (13) Establish policies and procedures for the handling of
15 proprietary information;
- 16 (14) Enter into any post-secondary education authorization
17 reciprocity agreement with other post-secondary
18 educational authorizers of schools whose home state is
19 not Hawaii; provided that the authorization standards
20 of the reciprocity agreement shall be substantially
21 comparable to or exceed the authorization requirements



1 of this chapter and applicable administrative rules;
2 and

3 (15) Do any and all things necessary or incidental to the
4 exercise of the director's powers and duties.

5 (b) The director may cooperate with the federal government
6 to qualify the State to receive funds made available under the
7 Higher Education Act of 1965, P.L. 89-329, as amended from time
8 to time. In addition, the department may serve as the state
9 agency for the receipt of federal funds when federal legislation
10 dealing with higher education or post-secondary education
11 requires, as a condition of the receipt of federal funds, the
12 designation of a state agency that is broadly representative of
13 the general public and of post-secondary education in the State
14 and when agencies other than the department may not qualify.

15 (c) No funds appropriated by the legislature may be used
16 to aid a person attending an institution not owned or
17 exclusively controlled by the State or a department of the State
18 or to pay for any staff work distributing federal or private
19 funds to students attending such schools. The maximum amount of
20 any grant awarded under the Hawaii state incentive grant program
21 shall be equal to the maximum allowed by federal law.



1 (d) The department, when appropriate and necessary, may be
2 assisted by other state agencies, including but not limited to
3 the University of Hawaii system and the department of education.

4 (e) The director, acting through the department of the
5 attorney general, may proceed by injunction against any
6 violation of this chapter, but an injunction proceeding or an
7 order issued therein or as a result thereof shall not bar the
8 imposition of any other penalty for a violation of this chapter.

9 **§ -6 Department's powers and authority.** (a) The
10 department shall administer the provisions of this chapter and
11 any administrative rules, policies, and procedures adopted by
12 the director.

13 (b) To administer this chapter, the department shall:

- 14 (1) Maintain a list of the private colleges or
15 universities, seminaries, and religious training
16 institutions that have been authorized and make this
17 list available to the public;
- 18 (2) Maintain a list of the states with which the director
19 has entered into a post-secondary education
20 authorization reciprocity agreement and make this list
21 available to the public; and



1 (3) Receive, arbitrate, investigate, and process
2 complaints.

3 (c) In conducting an investigation, the department may
4 physically inspect the private college or university, seminary,
5 or religious training institution's facilities and records, and
6 the institution shall have an affirmative duty to cooperate with
7 requests from the department for information regarding any
8 investigation or inspection.

9 (d) In administering its responsibilities, the department
10 may assess fees sufficient to provide for the self-sufficiency
11 of the program pursuant to section 26-9(o).

12 **§ -7 Awarding degrees.** Notwithstanding any law to the
13 contrary, a person, partnership, corporation, company, society,
14 or association with a physical presence in the State shall not
15 award, bestow, confer, give, grant, convey, or sell to any other
16 person a degree or honorary degree upon which is inscribed, in
17 any language, the word "associate", "bachelor", "baccalaureate",
18 "master", or "doctor", or any abbreviation thereof, or offer
19 courses of instruction or credits purporting to lead to any such
20 degree, unless the person, partnership, corporation, company,
21 society, or association is:



- 1 (1) A private college or university, seminary, or
2 religious training institution that is authorized
3 pursuant to this chapter;
- 4 (2) A school or educational program conducted by a
5 religious entity that is owned, controlled, operated,
6 and maintained by a religious organization lawfully
7 operating as a nonprofit religious corporation and
8 that awards only religious degrees or certificates,
9 including a certificate of Talmudic studies, associate
10 of Biblical studies, a bachelor of religious studies,
11 a master of divinity, or a doctor of divinity;
- 12 (3) An unaccredited post-secondary educational institution
13 governed under chapter 446E; or
- 14 (4) A part of the University of Hawaii system.

15 **§ -8 Authorization to operate in the State; private**
16 **college or university.** (a) To operate in the State, a private
17 college or university shall:

- 18 (1) Be party to a reciprocity agreement to which the State
19 is a member; or
- 20 (2) Apply for, on a form prescribed by the department, and
21 receive authorization from the director; provided that
22 the private college or university meets the



1 requirements of section -15; provided further that
2 a private college or university shall apply for and
3 obtain a separate authorization for each campus,
4 branch, or site that is separately accredited. A
5 separate authorization shall not be required for
6 additional professional accreditations. A private,
7 nonprofit college or university shall submit
8 verification of its nonprofit status with its
9 application.

10 (b) Upon receiving an application for authorization, the
11 director shall review the application to determine whether the
12 private college or university is institutionally accredited by a
13 regional or national accrediting body recognized by the United
14 States Department of Education. The director shall not approve
15 an application from a private college or university that, in the
16 two years preceding submission of the application, has:

- 17 (1) Had its accreditation suspended or withdrawn;
18 (2) Been prohibited from operating in another state; or
19 (3) Substantially the same owners, governing board, or
20 principal officers as a private college or university
21 that has:

22 (A) Had its accreditation suspended or withdrawn; or



1 (B) Been prohibited from operating in another state.

2 (c) To operate in the State, a private college or
3 university shall be institutionally accredited on the basis of
4 an on-site review by a regional or national accrediting body
5 recognized by the United States Department of Education.

6 (d) A private college or university shall notify the
7 department within thirty days of any material information
8 related to an action by the institution's accrediting body
9 concerning the institution's accreditation status, including but
10 not limited to reaffirmation or loss of accreditation, approval
11 of a request for change, a campus evaluation visit, a focused
12 visit, or approval of additional locations. In addition, the
13 institution shall immediately notify the department if the
14 institution's accrediting body is no longer recognized by the
15 United States Department of Education.

16 (e) A private college or university under the jurisdiction
17 of the department shall notify the department at least one year
18 prior to its ceasing of operations in the State.

19 (f) A private college or university authorized pursuant to
20 this chapter shall pay any and all fees established pursuant to
21 section -19.



1 **§ -9 Authorization to operate in the State; seminary or**
2 **religious training institutions.** (a) To operate in the State,
3 a seminary or religious training institution shall:

4 (1) Be party to a reciprocity agreement to which the State
5 is a member; or

6 (2) Apply for, on a form prescribed by the department, and
7 receive authorization from the director; provided that
8 the institution shall establish that it qualifies as a
9 bona fide religious training institution and as an
10 institution of post-secondary education.

11 (b) Nothing in this section shall preclude a seminary or
12 religious training institution from seeking accreditation.

13 **§ -10 Confirmation of authorization.** Upon the request
14 of an institution to confirm authorization, the director shall
15 consider whether an authorization shall be issued. The director
16 shall issue written findings and, if appropriate, a certificate
17 of authorization. The certificate of authorization shall have
18 the effect of establishing that the institution is legally
19 authorized by the State, as contemplated by 34 Code of Federal
20 Regulations section 600.9.

21 **§ -11 Reauthorization.** (a) A private college or
22 university that is authorized pursuant to section -8 and



1 maintains its accreditation shall apply to the department for
2 reauthorization every two years. A private college or
3 university that has its accreditation reaffirmed without
4 sanction and continues to demonstrate its compliance with
5 section -15, shall otherwise be presumed to be qualified for
6 reauthorization under this chapter for a period of two years.

7 (b) A seminary or religious training institution
8 authorized pursuant to section -9 shall apply to the
9 department for reauthorization every two years. A seminary or
10 religious training institution that continues to meet the
11 authorization requirements of this chapter shall otherwise be
12 presumed to be qualified for reauthorization under this chapter
13 for a period of two years.

14 (c) Private colleges or universities, seminaries, and
15 religious training institutions applying for reauthorization
16 under this section shall pay the fees required pursuant to
17 section -19.

18 (d) If a private college or university, seminary, or
19 religious training institution cannot demonstrate that it meets
20 the authorization requirements of this chapter, the director
21 shall deny the application for reauthorization. The director
22 shall provide the private college or university, seminary, or



1 religious training institution with written notification of the
2 denial of the application for reauthorization and the basis for
3 the denial. If, within six months of receiving notice that its
4 application for reauthorization has been denied, the private
5 college or university, seminary, or religious training
6 institution corrects the action or condition upon which the
7 denial was based, it may reapply for reauthorization. If the
8 private college or university, seminary, or religious training
9 institution does not correct the action or condition upon which
10 the denial was based, it may submit a new application for
11 authorization pursuant to section -8 or -9, whichever is
12 applicable, once the action or condition has been corrected.

13 (e) If a private college or university is under a sanction
14 from its accrediting body at the time that it submits its
15 application for reauthorization, the director may:

- 16 (1) Approve the private college or university's
17 reauthorization; or
18 (2) Grant probationary approval of the private college or
19 university's reauthorization; provided that if the
20 private college or university is granted probationary
21 reauthorization:



1 (A) The department shall provide the private college
2 or university with written notice of its
3 probationary status;

4 (B) The private college or university shall reapply
5 for reauthorization on an annual basis until the
6 accrediting body lifts its sanction; and

7 (C) The private college or university shall provide
8 the department with an annual report on its
9 progress toward removing the sanction.

10 **§ -12 Grounds for refusal to reauthorize, reinstate, or**

11 **restore and for revocation, suspension, probation, or denial;**

12 **condition of authorization or sanctions.** (a) In addition to

13 any other acts or conditions provided by law, the director may

14 refuse to reauthorize, reinstate or restore, or may deny,

15 revoke, suspend, or condition in any manner, including but not

16 limited to placement on probation, any authorization for any one

17 or more of the following acts or conditions on the part of the

18 institution or applicant:

19 (1) Failure to meet or maintain the conditions and

20 requirements necessary to qualify for or maintain an

21 authorization;



- 1 (2) Engaging in false, fraudulent, or deceptive
2 advertising, or making untruthful or improbable
3 statements;
- 4 (3) Procuring an authorization, reauthorization, or
5 certification through fraud, misrepresentation,
6 material omission, or deceit;
- 7 (4) Misconduct, incompetence, gross negligence, or
8 manifest incapacity in the operation of the
9 institution;
- 10 (5) Revocation, suspension, deauthorization, or other
11 disciplinary action by another state or federal agency
12 against an institution or applicant for any reason
13 provided by this chapter or rules adopted hereunder;
- 14 (6) Criminal conviction, whether by nolo contendere or
15 otherwise, of a penal crime directly related to the
16 qualifications, functions, or duties of the
17 institution or applicant in any jurisdiction in which
18 the institution operates;
- 19 (7) Failure to report in writing to the department any
20 disciplinary decision issued against the institution
21 or the applicant in another jurisdiction within thirty
22 days of the disciplinary decision;



1 (8) Failure to report in writing to the department any
2 change in accreditation status by any accrediting
3 agency; or

4 (9) Violating any provision of this chapter or rules
5 adopted hereunder.

6 (b) It shall be a violation of this chapter for a private
7 college or university, seminary, or religious training
8 institution or its agent to:

9 (1) Make or cause to be made any statement or
10 representation, oral, written, or visual, in
11 connection with the offering of educational services
12 if the private college or university, seminary, or
13 religious training institution or its agent knows or
14 reasonably should have known the statement or
15 representation to be false, inaccurate, or materially
16 misleading;

17 (2) Falsely represent or deceptively conceal, directly or
18 by implication, through the use of a trade or business
19 name, the fact that the institution is a private
20 college or university, seminary, or religious training
21 institution;



1 (3) Adopt a name, trade name, or trademark that represents
2 falsely, directly or by implication, the quality,
3 scope, nature, size, or integrity of the private
4 college or university, seminary, or religious training
5 institution or its educational services;

6 (4) Intentionally and materially represent falsely,
7 directly or by implication, that students who
8 successfully complete a course or program of
9 instruction may transfer the credits earned to any
10 institution of higher education;

11 (5) Intentionally and materially represent falsely,
12 directly or by implication, in its promotional
13 materials or in any other manner:

14 (A) Its size, location, facilities, or equipment;

15 (B) The number, educational experience, or
16 qualifications of its faculty;

17 (C) The extent or nature of any approval received
18 from any state agency; or

19 (D) The extent or nature of any accreditation
20 received from any accrediting agency, body, or
21 association;



1 (6) Provide prospective students with testimonials,
2 endorsements, or other information that has the
3 tendency to mislead or deceive prospective students or
4 the public regarding its current practices;

5 (7) Designate or refer to its sales representatives by
6 titles that imply that the sales representatives have
7 training in academic counseling or advising if they do
8 not; and

9 (8) Represent, directly or by implication, that it is
10 authorized by the State or approved or accredited by
11 an accrediting agency or body when it has not been
12 authorized, approved, or accredited.

13 (c) Any private college or university, seminary, or
14 religious training institution or its agent that violates this
15 chapter may be subject to one or more of the following
16 sanctions:

17 (1) A fine equal to a sum of not less than \$500 or more
18 than \$10,000 for each violation. The penalties
19 provided in this subsection are cumulative to the
20 remedies or penalties available under all other laws
21 of this State. Each day that a violation occurs shall
22 be considered a separate violation;



- 1 (2) An order directing corrective action on the part of
2 the institution;
- 3 (3) An order of restitution to one or more affected
4 students;
- 5 (4) Revocation, suspension, probation, or conditions on
6 the institution's authorization;
- 7 (5) An order relating to cessation of operations or
8 alternate enrollment; or
- 9 (6) The payment of costs of investigation and legal
10 action, irrespective of the outcome.

11 **§ -13 Requirements to maintain authorization. (a)**

12 Authorization by the director shall be conditioned on the
13 maintenance of national accreditation by the institution and
14 compliance with section -15. Authorization shall be
15 automatically suspended effective as of the date of the
16 cancellation or expiration of accreditation or the cancellation
17 or expiration of the surety bond if a surety bond was filed with
18 the department. The director shall not reinstate the affected
19 institution until satisfactory proof of compliance is submitted
20 to the department. Failure to reinstate a suspended
21 authorization within sixty days of suspension shall result in
22 the termination of the authorization, and the institution shall



1 forfeit all fees and shall be required to apply for
2 authorization as a new applicant.

3 (b) An institution's authorization shall be placed on
4 probationary status without further action by the department in
5 the event that:

6 (1) The institution is placed on probationary status by
7 its nationally recognized accrediting agency,
8 contemporaneous with the action of such agency;

9 (2) The institution's nationally recognized accrediting
10 agency ceases to be recognized by the United States
11 Department of Education; or

12 (3) In the case of a seminary or religious training
13 institution, the seminary or religious training
14 institution no longer meets the definition of such
15 under this chapter.

16 (c) An institution may, within fifteen days of the receipt
17 of the notification of probation under this section, request an
18 administrative hearing for review pursuant to chapter 91.

19 (d) If an institution's authorization is revoked due to
20 the institution's loss of accreditation, the institution shall
21 provide written notice to all students within thirty days
22 following the date of revocation.



(e) A private college or university, seminary, or religious training institution that is authorized pursuant to this chapter shall:

(1) Not make or cause to be made any oral, written, or visual statement or representation that violates section -12(b);

(2) Provide the department with a copy of its enrollment agreement, if applicable, in accordance with its reauthorization schedule;

(3) Provide bona fide instruction, in accordance with the standards and criteria set by its accrediting body; and

(4) If its ownership changes, provide the department with any material information concerning the transaction at least thirty days prior to the transaction.

§ -14 Deposit of records upon discontinuance. (a) If a private college or university, seminary, or religious training institution under the jurisdiction of the department ceases operating within the State, the institution, its owner, or the owner's designee, and its governing board shall be jointly and severally liable to deposit with the department the



1 institution's educational records in a form to be prescribed by
2 the director.

3 (b) If the director determines that the records of a
4 private college or university, seminary, or religious training
5 institution that ceases operating within the State are in danger
6 of being destroyed, secreted, mislaid, or otherwise made
7 unavailable to the department, the director may seek a court
8 order authorizing the department to seize or take possession of
9 the records and seek additional relief as may be appropriate.

10 (c) The director or the department of the attorney general
11 may enforce this section by filing a request for an injunction
12 with a court of competent jurisdiction.

13 (d) The department shall permanently retain any student
14 transcripts received pursuant to this section. The department
15 shall retain any other records obtained pursuant to this section
16 for ten years; provided that after this period, the department
17 shall dispose of the records in a manner that will adequately
18 protect the privacy of any personal information included in the
19 records.

20 (e) For the purposes of this section, "private college or
21 university" shall not include public, out-of-state institutions.



1 § -15 **Financial integrity; surety bond.** (a) A private
2 college or university shall provide evidence of financial
3 integrity at the time of its application for authorization. A
4 private college or university may demonstrate financial
5 integrity by meeting the criteria specified in subsections (b),
6 (c), or (d).

7 (b) A private college or university may demonstrate
8 financial integrity if it:

- 9 (1) Has been accredited for at least ten years by an
10 accrediting agency that is recognized by the United
11 States Department of Education;
- 12 (2) Has operated continuously in the State for at least
13 ten years;
- 14 (3) Has not filed for bankruptcy protection pursuant to
15 title 11 of the United States Code;
- 16 (4) Maintains a composite score of at least 1.5 on its
17 equity, primary reserve, and net income ratios, as
18 required in title 34 Code of Federal Regulations
19 section 668.172; and
- 20 (5) Meets or exceeds the pro rata refund policies required
21 by the United States Department of Education in title
22 34 Code of Federal Regulations part 668; provided that



1 if it does not participate in federal financial aid
2 programs, its refund and termination procedures shall
3 comply with the requirements of its accrediting body;
4 provided that a private college or university is not required to
5 meet the criteria specified in paragraphs (1) and (2) if the
6 private college or university is part of a group of private
7 colleges or universities that is owned and operated by a common
8 owner and the other private colleges and universities meet the
9 criteria specified in paragraphs (1) and (2).

10 (c) A private college or university may also demonstrate
11 financial integrity if it:

12 (1) Has received and maintains full accreditation without
13 sanction from an accrediting body that is recognized
14 by the United States Department of Education, and
15 which accrediting body requires the private college or
16 university to maintain a surety bond or an escrow
17 account or has affirmatively waived or otherwise
18 removed that requirement for the private college or
19 university;

20 (2) Operates an instructional facility in the State;

21 (3) Annually provides to the department audited financial
22 statements for the most recent fiscal year that



1 demonstrate that the private college or university
2 maintains positive equity and profitability;

3 (4) Maintains a composite score of at least 1.5 on its
4 equity, primary reserve, and net income ratios, as
5 required in title 34 Code of Federal Regulations
6 section 668.172; and

7 (5) Meets or exceeds the pro rata refund policies required
8 by the United States Department of Education in title
9 34 Code of Federal Regulations part 668; provided that
10 if it does not participate in federal financial aid
11 programs, its refund and termination procedures shall
12 comply with the requirements of its accrediting body.

13 (d) If a private college or university cannot demonstrate
14 financial integrity as provided in subsections (b) and (c), the
15 private college or university shall file with the director a
16 surety bond in favor of the State in an amount described under
17 subsection (f) prior to receiving authorization under this
18 chapter. The surety bond shall be executed by the private
19 college or university as the principal by a surety company
20 authorized to do business in the State and shall run
21 concurrently with the authorization period and any period of



1 reauthorization, unless terminated or cancelled by the surety
2 company.

3 (e) The surety bond under subsection (d) shall be
4 conditioned to provide indemnification to any student or
5 enrollee, or to any parent or legal guardian of a student or
6 enrollee, whom the director finds to have suffered a loss of
7 tuition or fees as a result of any act or practice that is a
8 violation of this chapter and to provide alternative enrollment
9 as provided in section -16 for students enrolled in a private
10 college or university that ceases operation.

11 (f) The amount of the surety bond that a private college
12 or university submits pursuant to subsection (d) shall be the
13 greater of \$5,000 or an amount equal to a reasonable estimate of
14 the maximum prepaid, unearned tuition and fees of the private
15 college or university, excluding prepaid tuition revenue that
16 consists of government grants or federal student loans and
17 grants authorized under title IV of the Higher Education Act of
18 1965, 20 United States Code 1070 et seq. for the period or term
19 during the applicable academic year for which programs of
20 instruction are offered, including but not limited to programs
21 offered on a semester, quarter, monthly, or class basis;
22 provided that the private college or university shall use the



1 period or term of greatest duration and expense in determining
2 this amount if its academic year consists of one or more periods
3 or terms. Following the initial filing of the surety bond with
4 the department, the private college or university shall
5 recalculate the amount of the surety bond annually based on a
6 reasonable estimate of the maximum prepaid, unearned tuition and
7 fees received by the institution for the applicable period or
8 term.

9 (g) The authorization for a private college or university
10 shall be suspended by operation of law when it is no longer
11 covered by a surety bond as required by this section. After
12 receipt of a notice of cancellation from the surety, the
13 department shall give written notice to the private college or
14 university at its last-known address, at least forty-five days
15 prior to the release of the surety bond, to the effect that the
16 private college or university's authorization is suspended by
17 operation of law until it files evidence of a surety bond in a
18 like amount as the surety bond being released.

19 (h) The principal on a surety bond filed under the
20 provisions of this section shall be released from the surety
21 bond after the principal serves written notice thereof to the
22 department at least sixty days prior to the release. The



1 release shall not discharge or otherwise affect a claim filed by
2 a student or enrollee or the student or enrollee's parent or
3 legal guardian pursuant to section -16 for a loss of tuition
4 or fees that occurred while the surety bond was in effect or
5 that occurred under any note or contract executed during any
6 period of time when the surety bond was in effect, except when
7 another surety bond is filed in a like amount and provides
8 indemnification for any such loss.

9 (i) Each private college or university that files a surety
10 bond pursuant to this section shall provide in a report to the
11 department annual verification of continued coverage as required
12 by this section no later than January 1 of each year.

13 (j) A seminary or religious training institution shall not
14 be subject to the requirements of this section.

15 **§ -16 Claims against a private college or university;**
16 **cessation of operation; alternative enrollment.** (a) A student
17 or enrollee, or a parent or legal guardian of the student or
18 enrollee, who claims loss of tuition or fees as a result of
19 cessation of operations may file a claim with the department if
20 the claim results from an act or practice that violates a
21 provision of this chapter. Claims that are filed with the
22 department shall be public records and subject to the provisions



1 of chapter 92F; provided that the department shall not make the
2 records public if the release would violate a federal privacy
3 law.

4 (b) If a private college or university ceases operation,
5 the director may make demand on the surety bond upon the demand
6 for a refund by a student or the parent or legal guardian of a
7 student or the implementation of alternative enrollment for the
8 students enrolled in the institution, and the principal on the
9 surety bond filed pursuant to section -15(d) shall pay the
10 claim due in a timely manner. To the extent practicable, the
11 director shall use the amount of the surety bond to provide
12 alternative enrollment for students of the institution that
13 ceases operation through a contract with another authorized
14 private college or university, the University of Hawaii system,
15 an area vocational school, or any other arrangement that is
16 acceptable to the department. The alternative enrollment
17 provided to a student shall replace the original enrollment
18 agreement, if any, between the student and the private college
19 or university; provided that the student shall make tuition and
20 fee payments as required by the original enrollment agreement,
21 if any.



1 (c) A student who is enrolled in a private college or
2 university that ceases operation and who declines the
3 alternative enrollment required to be offered pursuant to
4 subsection (b) may file a claim with the department for the
5 student's prorated share of the prepaid, unearned tuition and
6 fees that the student paid, subject to the limitations of
7 subsection (d). The department shall not make a subsequent
8 payment to a student, unless the student submits proof of
9 satisfaction of any prior debt to a financial institution in
10 accordance with rules adopted by the director.

11 (d) If the amount of the surety bond filed under section
12 -15(d) is less than the total prepaid, unearned tuition and
13 fees that have been paid by students at the time that the
14 private college or university ceases operation, the department
15 shall prorate the amount of the surety bond among the students.

16 (e) This section shall apply only to those students
17 enrolled in the private college or university at the time it
18 ceases operation, and once a private college or university
19 ceases operation, no new students shall be enrolled therein.

20 (f) The department shall be responsible for all prepaid,
21 unearned tuition and fees, student loans, Pell grants, and other



1 student financial aid assistance if an authorized private
2 college or university ceases operation.

3 (g) The director shall determine whether offering
4 alternative enrollment for students enrolled in an authorized
5 private college or university that ceases operation is
6 practicable without the federal government's designation of the
7 department as trustee for student loans, Pell grants, and other
8 student financial aid assistance pursuant to subsection (f).

9 (h) If a private college or university ceases to operate
10 in the State, the department of the attorney general may file a
11 claim against the private college or university to recover
12 restitution for the enrolled students of the private college or
13 university.

14 (i) A seminary or religious training institution shall not
15 be subject to the requirements of this section.

16 **§ -17 Reciprocity.** The director may enter into any
17 post-secondary education authorization reciprocity agreement;
18 provided that the authorization standards of the reciprocity
19 agreement shall be comparable to or exceed the authorization
20 requirements of this chapter and any applicable administrative
21 rules.



1 § -18 Complaints; injunctive proceedings. (a) A

2 student or former student of the University of Hawaii system, a
3 private college or university, seminary, or religious training
4 institution may file a complaint with the department concerning
5 the institution at which the student is or was enrolled;
6 provided that if a former student files a complaint, the
7 complaint shall be filed within two years after the former
8 student discontinued enrollment at the institution.

9 (b) The department may investigate complaints based on
10 possible violations of this chapter or rules adopted hereunder.
11 The department may initiate and investigate complaints based on
12 information the department receives concerning possible
13 violations of this chapter or rules adopted hereunder.

14 (c) Nothing in this section shall give the department
15 jurisdiction to consider complaints that infringe on the
16 academic or religious freedom of, or question the curriculum
17 content of, a private college or university, seminary, or
18 religious training institution.

19 (d) Upon receipt of a complaint pursuant to subsections
20 (a) or (b), the department shall determine whether the complaint
21 was properly filed. The complaint shall warrant investigation
22 only after the student or former student has exhausted all



1 administrative remedies available at the University of Hawaii
2 system, private college or university, seminary, or religious
3 training institution; provided that if the complaint involves a
4 violation of state or federal criminal law, this requirement
5 shall not apply. If a complaint warrants investigation, the
6 department shall forward the complaint to the University of
7 Hawaii system, private college or university, seminary, or
8 religious training institution. The University of Hawaii
9 system, private college or university, seminary, or religious
10 training institution shall have thirty days to respond in
11 writing to the complaint. During the thirty-day period, the
12 University of Hawaii system, private college or university,
13 seminary, or religious training institution, with the
14 department's assistance, may attempt to resolve the complaint
15 with the student. If the department determines at any time that
16 the complaint no longer warrants investigation, the department
17 shall dismiss the complaint.

18 (e) If a complaint is not resolved within the thirty-day
19 period, the department may:

- 20 (1) Dismiss the complaint based on the response of the
21 University of Hawaii system, private college or



1 university, seminary, or religious training
2 institution;

3 (2) Investigate and, where appropriate, take disciplinary
4 action in a manner consistent with chapter 91.

5 **§ -19 Fees; public hearing.** (a) A private college or
6 university, seminary, or religious training institution shall
7 pay \$10,000 to the department upon application for authorization
8 under this chapter and every two years thereafter upon
9 application for reauthorization; provided that the director may
10 change the amount of the fees required by this section at any
11 time without regard to chapter 91, if the director:

12 (1) Holds at least one public hearing to discuss and take
13 testimony on the proposed fee change; and

14 (2) Provides public notice at least thirty days prior to
15 the date of the public hearing.

16 (b) Fees collected pursuant to this section shall be
17 deposited into the post-secondary education authorization
18 subaccount established pursuant to section 26-9(o).

19 **§ -20 Post-secondary education authorization special**
20 **subaccount.** (a) All moneys collected pursuant to section
21 -19 shall be deposited into the post-secondary education



1 authorization special subaccount of the compliance resolution
2 fund established pursuant to section 26-9(o).

3 (b) Any law to the contrary notwithstanding, the moneys in
4 the special subaccount shall be used to fund the operations of
5 the department to carry out its duties under this chapter. Any
6 law to the contrary notwithstanding, the director may use the
7 moneys in the special subaccount to employ, in accordance with
8 chapter 76, personnel to carry out the department's duties under
9 this chapter. The moneys in the special subaccount may be used
10 to train personnel as the director deems necessary and for any
11 other activity related to this chapter."

12 PART III

13 SECTION 3. Section 26-9, Hawaii Revised Statutes, is
14 amended by amending subsection (o) to read as follows:

15 "(o) Every person licensed under any chapter within the
16 jurisdiction of the department of commerce and consumer affairs
17 and every person licensed subject to chapter 485A or registered
18 under chapter 467B shall pay upon issuance of a license, permit,
19 certificate, or registration a fee and a subsequent annual fee
20 to be determined by the director and adjusted from time to time
21 to ensure that the proceeds, together with all other fines,
22 income, and penalties collected under this section, do not



1 surpass the annual operating costs of conducting compliance
2 resolution activities required under this section. The fees may
3 be collected biennially or pursuant to rules adopted under
4 chapter 91, and shall be deposited into the special fund
5 established under this subsection. Every filing pursuant to
6 chapter 514E or section 485A-202(a)(26) shall be assessed, upon
7 initial filing and at each renewal period in which a renewal is
8 required, a fee that shall be prescribed by rules adopted under
9 chapter 91, and that shall be deposited into the special fund
10 established under this subsection. Any unpaid fee shall be paid
11 by the licensed person, upon application for renewal,
12 restoration, reactivation, or reinstatement of a license, and by
13 the person responsible for the renewal, restoration,
14 reactivation, or reinstatement of a license, upon the
15 application for renewal, restoration, reactivation, or
16 reinstatement of the license. If the fees are not paid, the
17 director may deny renewal, restoration, reactivation, or
18 reinstatement of the license. The director may establish,
19 increase, decrease, or repeal the fees when necessary pursuant
20 to rules adopted under chapter 91. The director may also
21 increase or decrease the fees pursuant to section 92-28.



1 There is created in the state treasury a special fund to be
2 known as the compliance resolution fund to be expended by the
3 director's designated representatives as provided by this
4 subsection. Notwithstanding any law to the contrary, all
5 revenues, fees, and fines collected by the department shall be
6 deposited into the compliance resolution fund. Unencumbered
7 balances existing on June 30, 1999, in the cable television fund
8 under chapter 440G, the division of consumer advocacy fund under
9 chapter 269, the financial institution examiners' revolving
10 fund, section 412:2-109, the special handling fund, section
11 414-13, and unencumbered balances existing on June 30, 2002, in
12 the insurance regulation fund, section 431:2-215, shall be
13 deposited into the compliance resolution fund. This provision
14 shall not apply to the drivers education fund underwriters fee,
15 sections 431:10C-115 and 431:10G-107, insurance premium taxes
16 and revenues, revenues of the workers' compensation special
17 compensation fund, section 386-151, the captive insurance
18 administrative fund, section 431:19-101.8, the insurance
19 commissioner's education and training fund, section 431:2-214,
20 the medical malpractice patients' compensation fund as
21 administered under section 5 of Act 232, Session Laws of Hawaii
22 1984, and fees collected for deposit in the office of consumer



1 protection restitution fund, section 487-14, the real estate
2 appraisers fund, section 466K-1, the real estate recovery fund,
3 section 467-16, the real estate education fund, section 467-19,
4 the contractors recovery fund, section 444-26, the contractors
5 education fund, section 444-29, the condominium education trust
6 fund, section 514B-71, and the mortgage foreclosure dispute
7 resolution special fund, section 667-86. Any law to the
8 contrary notwithstanding, the director may use the moneys in the
9 fund to employ, without regard to chapter 76, hearings officers
10 and attorneys. All other employees may be employed in
11 accordance with chapter 76. Any law to the contrary
12 notwithstanding, the moneys in the fund shall be used to fund
13 the operations of the department. The moneys in the fund may be
14 used to train personnel as the director deems necessary and for
15 any other activity related to compliance resolution.

16 A separate special subaccount of the compliance resolution
17 fund, to be known as the post-secondary education authorization
18 special subaccount, shall be established for fees collected by
19 the department of commerce and consumer affairs pursuant to
20 chapter . The special subaccount shall be governed by
21 section -20.



1 As used in this subsection, unless otherwise required by
2 the context, "compliance resolution" means a determination of
3 whether:

4 (1) Any licensee or applicant under any chapter subject to
5 the jurisdiction of the department of commerce and
6 consumer affairs has complied with that chapter;

7 (2) Any person subject to chapter 485A has complied with
8 that chapter;

9 (3) Any person submitting any filing required by chapter
10 514E or section 485A-202(a)(26) has complied with
11 chapter 514E or section 485A-202(a)(26);

12 (4) Any person has complied with the prohibitions against
13 unfair and deceptive acts or practices in trade or
14 commerce; or

15 (5) Any person subject to chapter 467B has complied with
16 that chapter;

17 and includes work involved in or supporting the above functions,
18 licensing, or registration of individuals or companies regulated
19 by the department, consumer protection, and other activities of
20 the department.

21 The director shall prepare and submit an annual report to
22 the governor and the legislature on the use of the compliance



1 resolution fund. The report shall describe expenditures made
2 from the fund including non-payroll operating expenses."

3 SECTION 4. Chapter 304A, part VII, subpart C, Hawaii
4 Revised Statutes, is repealed.

5 SECTION 5. Section 446E-1.5, Hawaii Revised Statutes, is
6 repealed.

7 [~~"§446E-1.5 Advisory board. The state post secondary~~
8 ~~education commission, as established by chapter 304A, part VII,~~
9 ~~subpart C, shall serve as a resource to the director as needed~~
10 ~~regarding the requirements of this chapter."~~]

11 PART IV

12 SECTION 6. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$ or so much
14 thereof as may be necessary for fiscal year 2013-2014 and the
15 same sum or so much thereof as may be necessary for fiscal year
16 2014-2015 to be paid into the post-secondary education
17 authorization special subaccount of the compliance resolution
18 fund established pursuant to section 26-9(o), Hawaii Revised
19 Statutes.

20 SECTION 7. There is appropriated out of the post-secondary
21 education authorization special subaccount of the compliance
22 resolution fund established pursuant to section 26-9(o), Hawaii



1 Revised Statutes, the sum of \$ or so much thereof as may
2 be necessary for fiscal year 2013-2014 and the same sum or so
3 much thereof as may be necessary for fiscal year 2014-2015 for
4 three full-time equivalent (3.0 FTE) permanent positions at the
5 department of commerce and consumer affairs to implement the
6 provisions of this Act.

7 The sums appropriated shall be expended by the department
8 of commerce and consumer affairs for the purposes of this Act.

9 PART V

10 SECTION 8. (a) To ensure that the post-secondary
11 education authorization program is in compliance, in a timely
12 manner, with the requirements of the Higher Education Act of
13 1965, as amended, the department of commerce and consumer
14 affairs shall contract for an implementation coordinator or team
15 to assist with the implementation of this Act.

16 (b) The minimum qualifications for the implementation
17 coordinator or team shall be the following:

18 (1) Knowledge and understanding of the United States
19 Department of Education regulations for programs
20 authorized under title IV of the Higher Education Act
21 of 1965, as amended;



(2) Experience and familiarity with post-secondary educational institutions and related accreditation processes; and

(3) Demonstrated strong written and oral communication skills.

(c) The scope of work developed pursuant to subsection (a) shall require, at a minimum, the implementation coordinator or team to:

(1) Develop a comprehensive plan for the implementation of this Act, including consideration of an appropriate authorization fee structure;

(2) Assist in developing any policies and procedures, including administrative rules, required for the implementation of this Act; and

(3) Assist the director of commerce and consumer affairs to meet the reporting requirements of section 13 of this Act.

(d) The department of commerce and consumer affairs shall be responsible for awarding and overseeing the contract for the implementation coordinator or team. The term of the contract shall be for one year; provided that the department of commerce and consumer affairs and the implementation coordinator or team



1 may enter into supplemental contracts as the department of
2 commerce and consumer affairs deems necessary to carry out the
3 purposes of this Act.

4 (e) Chapter 103D, Hawaii Revised Statutes, shall not apply
5 to the contracting of the implementation coordinator or team.

6 SECTION 9. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2013-2014 for the
9 department of commerce and consumer affairs to contract for an
10 implementation coordinator or team.

11 The sum appropriated shall be expended by the department of
12 commerce and consumer affairs for the purposes of this Act.

13 SECTION 10. All rights, powers, functions, and duties of
14 the University of Hawaii with regard to the state post-secondary
15 education commission are transferred to the department of
16 commerce and consumer affairs.

17 All officers and employees whose functions are transferred
18 by this Act shall be transferred with their functions and shall
19 continue to perform their regular duties upon their transfer,
20 subject to the state personnel laws and this Act.

21 No officer or employee of the State having tenure shall
22 suffer any loss of salary, seniority, prior service credit,



1 vacation, sick leave, or other employee benefit or privilege as
2 a consequence of this Act, and such officer or employee may be
3 transferred or appointed to a civil service position without the
4 necessity of examination; provided that the officer or employee
5 possesses the minimum qualifications for the position to which
6 transferred or appointed; and provided that subsequent changes
7 in status may be made pursuant to applicable civil service and
8 compensation laws.

9 An officer or employee of the State who does not have
10 tenure and who may be transferred or appointed to a civil
11 service position as a consequence of this Act shall become a
12 civil service employee without the loss of salary, seniority,
13 prior service credit, vacation, sick leave, or other employee
14 benefits or privileges and without the necessity of examination;
15 provided that such officer or employee possesses the minimum
16 qualifications for the position to which transferred or
17 appointed.

18 If an office or position held by an officer or employee
19 having tenure is abolished, the officer or employee shall not
20 thereby be separated from public employment, but shall remain in
21 the employment of the State with the same pay and classification
22 and shall be transferred to some other office or position for



1 which the officer or employee is eligible under the personnel
2 laws of the State as determined by the head of the department or
3 the governor.

4 SECTION 11. All appropriations, records, equipment,
5 machines, files, supplies, contracts, books, papers, documents,
6 maps, and other personal property heretofore made, used,
7 acquired, or held by the University of Hawaii relating to the
8 functions transferred to the department of commerce and consumer
9 affairs shall be transferred with the functions to which they
10 relate.

11 SECTION 12. All administrative rules adopted under the
12 state post-secondary education commission pursuant to chapter
13 304A, part VII, subpart C, Hawaii Revised Statutes, shall be
14 rendered null and void as of the effective date of this Act.
15 The department of commerce and consumer affairs shall not be
16 required to conduct proceedings pursuant to chapter 91, Hawaii
17 Revised Statutes, to repeal any such rules.

18 SECTION 13. The director of commerce and consumer affairs
19 shall report to the legislature no later than twenty days prior
20 to the convening of the regular session of 2014 on such matters
21 including but not limited to:



- 1 (1) The status of any rulemaking the department has
2 undertaken;
- 3 (2) The number of private colleges or universities,
4 seminaries, and religious training institutions that
5 have applied for authorization under chapter ,
6 Hawaii Revised Statutes; and
- 7 (3) Any proposed legislation.

8 PART VI

9 SECTION 14. If any provision of this Act, or the
10 application thereof to any person or circumstance, is held
11 invalid, the invalidity does not affect other provisions or
12 applications of the Act that can be given effect without the
13 invalid provision or application, and to this end the provisions
14 of this Act are severable.

15 SECTION 15. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 16. This Act shall take effect on July 1, 2030;
18 provided that part IV and section 9 shall take effect on July 1,
19 2030.



Report Title:

Post-secondary Education Authorization Program; Department of Commerce and Consumer Affairs; Appropriation

Description:

Establishes the Post-secondary Education Authorization Program within the Department of Commerce and Consumer Affairs. Repeals the Post-secondary Education Commission within the University of Hawaii. Creates the Post-secondary Education Authorization Special Subaccount of the Compliance Resolution Fund. Includes provisions for transition and implementation. Effective July 1, 2030. (SB46 HD3)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

